APPENDIX A

EXCERPTS FROM RECORD ON APPEAL TO THIRD CIRCUIT

Appeal Nos. 03-2868 and 03-3175

[A2996]*

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

CITIZENS FINANCIAL GROUP, INC., Plaintiff,	)	Civil Action No. 01-1524
v.	)	
CITIZENS NATIONAL BANK OF EVANS CITY and CITIZENS, INC., Defendants.	)	

PROCEEDINGS

Transcript of HEARING on TUESDAY, JUNE 24, 2003, United States District Court, Pittsburgh, Pennsylvania, before Honorable DONETTA AMBROSE, Chief, U.S. District Judge.

[names of counsel omitted]

Proceedings recorded by mechanical stenography. Transcript produced by computer-aided transcription.

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* Numbers in the form "[A2996]" indicate the pagination of the record on appeal to the Third Circuit in Appeal Nos. 03-2868 and 03-3175.

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[A3003]

MS. ANDERSON: The jury found, A, that CNBEC was the owner of a legally protectable mark senior, prior. B, they found there was a likelihood of confusion between the two marks. They went to the next step which was do you believe that CNBEC has been injured as a proximate result of—

THE COURT: Of CFG's acts?

MS. ANDERSON: Absolutely. They found no injury in terms of economic injury. But the law is, Your Honor, that once there is a finding of likelihood of confusion, that in and of itself is injury. Likelihood of confusion, as a **[A3004]** matter of law, is injury and it is irreparable injury. That is a venerable preposition in trademark law going back to Judge Learned Hand's opinion in Yale Electric, I think it is, and cited with approval by this Court—no, I'm sorry—by the Third Circuit in *Opticians Association v. Independent Opticians*.

So, Your Honor, what has been termed the causation question is, really, isn't that. The causation issue is inherent in the likelihood of confusion answer.

The next answer, do you find that CNBEC has been injured as a proximate result goes only to economic injury. Scores of courts have found that regardless of whether a plaintiff could show actual damage or pecuniary damage of any sort, they were, nevertheless, as a result of that irreparable injury caused by the loss of control of their mark entitled to injunctive relief. Judge McKelvey in the Opticians case, Judge McKelvey is one of the clearly

recognized—was recognized as one of the most judges with a huge amount of expertise in intellectual property law—in the *Axiom* case specifically found that the plaintiff in that case didn't show any pecuniary harm, but nevertheless, the likelihood of confusion, the loss of control over that plaintiff's mark, their goodwill, their reputation, was injury that warranted and in fact, necessitated injunctive relief, and he entered a full injunction in that case. **[A3005]**

The case law is very clear that a plaintiff need not show injury in an economic or pecuniary sense or any kind of tangible injury in order to have relief. The mere likelihood, not the mere, but the likelihood of confusion in and of itself is sufficient for an award of injunctive relief.

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[A5926]

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

CITIZENS FINANCIAL GROUP, INC., Plaintiff,	)	Civil Action No. 01-1524
v.	)	
CITIZENS NATIONAL BANK OF EVANS CITY and CITIZENS, INC., Defendants.	)	

CNBEC'S BENCH MEMORANDUM REGARDING THE NECESSITY AND APPROPRIATE SCOPE OF EQUITABLE RELIEF

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[A5942]

1. The Nature of The Interest To Be Protected.

Courts have noted that a company's interest in protecting its trade name, i.e., "the control of its corporate identity, ability to expand into new markets, and protection of its goodwill and reputation," is "very important." *A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 2002 LEXIS 233, No. 94-CV-7408, at *23 (Jan. 9, 2002) (A&H II). Trademark owners are entitled to protect their trademarks from "harm through loss of goodwill or tarnishment of reputation." *International Kennel Club v.*

Mighty Star, Inc., 846 F.2d 1079, 1091 (7th Cir. 1988).

CFG argues that the jury found no harm to CNBEC. But, the Third Circuit has held that a trademark owner's "mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use." *Opticians Ass'n v. Independent Opticians*, 920 F.2d 187, 195-96 (3d Cir. 1990) (emphasis added) (citing *Ambassador East, Inc. v. Orsatti*, 257 F.2d 79, 82 (3d Cir. 1958) **[A5943]** and quoting the opinion of Judge Learned Hand in *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928)).

Clearly, CNBEC's interest in protecting the reputation and goodwill that it has established over the course of more than a century is a strong interest, entitling it to the full protection of this Court's equitable powers, e.g., the issuance of an absolute injunction in the CNBEC Marketplace.

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[A5944]

3. The Relative Adequacy to The Plaintiff of An Injunction And Of Other Remedies.

As the Third Circuit has stated, once there is a finding of likelihood of confusion, "the inescapable conclusion is that there is also irreparable injury." *Opticians Ass'n. v. Independent Opticians*, 920 F.2d 187 196-97 (3d Cir. 1990). This is because the loss of a trademark owner's control over its reputation, without more, constitutes irreparable injury. *Id.* (citing *Ambassador East, Inc. v. Orsatti*, 257 F.2d 79, 82

(3d cir. 1958) and *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928)).

As explained by Professor McCarthy, "The law views the owner of a trademark as damaged by an infringing use 'which place[s] the owner's reputation beyond its control, through no loss in business is shown.' Damage caused by the trademark infringement are by their very nature irreparable and not susceptible of adequate measurement for remedy at law." Ex. 4 - 5J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:2 (4th ed. 2002) ("McCarthy") (quoting *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1091 (7th Cir. 1988); *see also* Ex. 5 - Donald Chisum, *Understanding intellectual Property Law* (1992) § 5F[3][b] ("[T]rademark and trade dress infringement and false advertising are presumed to cause irreparable harm."); *Dominion Bankshares Corp. v. Devon Holding, Inc.*, 690 F. Supp. 338, 348 (E.D. Pa. 1988) ("Courts have readily found irreparable injury in cases of trademark infringement because of the loss of control over its reputation that the senior user suffers.") (*citing Chips 'N Twigs, Inc. v. Chip-Chip, Ltd.*, 414 F. Supp. 1003, 1018 (E.D. Pa. 1976); **[A5945]** *Waples-Platter Cos. v. General Foods Corp.*, 439 F. Supp. 551, 585 (N. D. Tx. 1977) ("Where there is likelihood of confusion over the origin of a subsequent user's products, the prior user is entitled to prohibitive injunctive relief against the use of his mark by the subsequent user, regardless of whether or not actual confusion, actual economic harm, or bad faith has been shown.") (emphasis added).

As further explained by Professor McCarthy, injunctions are necessary in trademark and unfair competition cases because they provide the only practical relief to stop the harm caused by infringement, which irreparably injures the trademark owner and persists each moment the infringer uses

the infringing mark:

> It is difficult to imagine an unfair competition case where damages are adequate to remedy the problem of defendant's continued acts. If an injunction were denied, the court would be telling plaintiff to sit by and watch defendant continue to violate the law and infringe upon plaintiff's rights until such time as plaintiff decided to sue again for monetary damages as compensation for the past injury incurred. Thus, an injunction is the standard remedy in unfair competition cases. Of course, this does not necessarily mean that money cannot be recovered in addition to an injunction. An injunction looks to the future, while money damages look to compensation for past injuries.

5 *McCarthy* § 30:2.

Enjoining CFG's use of its confusingly similar mark is the only way to restore to CNBEC the exclusive control of its goodwill and reputation. Thus, a full permanent injunction is the only adequate remedy in this case, and as Professor McCarthy notes, it is for the most part the only adequate remedy in any trademark infringement action.

APPENDIX B

EXCERPT OF CFG'S MOTION TO STAY MANDATE

Appeal Nos. 03-2868 and 03-3175

IN THE
UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

CITIZENS FINANCIAL GROUP, INC.,
Appellee/Cross-Appellant,

v.

CITIZENS NATIONAL BANK OF EVANS CITY;
CITIZENS, INC.;
CITIZENS NATIONAL BANK OF SOUTHERN
PENNSYLVANIA.

CITIZENS NATIONAL BANK OF EVANS CITY and
CITIZENS, INC.,
Appellants/Cross-Appellees.

Appeal from the United States District Court
for the Western District of Pennsylvania
Judge Ambrose

MOTION BY CITIZENS FINANCIAL GROUP, INC., FOR A STAY OF THE MANDATE

Citizens Financial Group, Inc. ("CFG") respectfully moves under Fed. R. App. P. 41(d)(2) for a ninety-day stay of this Court's mandate to permit CFG to file a petition for a

writ of certiorari in the United States Supreme Court seeking review of this Court's decision in this case. CFG's certiorari petition would present two substantial questions of law as to which this Court's decision conflicts with decisions from other circuits.

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[7]*

. . . . Most circuits that have addressed the question have held that a finding of a likelihood of confusion in a trademark case does not constitute irreparable injury *per* se, but merely gives rise to a ***presumption*** of irreparable injury. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000) ("generally presumed"); *Int'l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993) ("ordinarily presumed"); *see also Wynn Oil Co. v. American Way Serv. Corp.*, 943 F.2d 595, 608 (6th Cir. 1991) ("[A] finding of irreparable injury ***ordinarily*** follows when a likelihood of confusion or possible risk to reputation appears.") (emphasis added).[5]

[5] CFG notes that these cases arose in the context of requests for ***preliminary***, not permanent, injunctions. While it may make sense to apply a presumption in the face of the undeveloped record that typically exists at the preliminary injunction stage, the rationale for doing so is far less strong after trial, when all parties have had an opportunity for discovery and the facts have been fully developed. In the preliminary injunction context, district courts operate under the "presumption that infringement *alone* has caused

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* Numbers in the form "[7]" indicate the pagination of CFG's Motion for Stay of the Third Circuit's mandate in Appeal Nos. 03-2868 and 03-3175.

irreparable harm *pendente lite*." *Amoco Oil Co. v. Rainbow Snow. Inc.*, 809 F.2d 656, 664 (10th Cir. 1987) (emphasis in original). In this case for permanent relief, however, the District Court and the jury had the benefit of voluminous evidence from which to decide whether the likelihood of confusion would result in irreparable injury. The jury specifically found that CNBEC had suffered no injury, and the District Court concluded that the jury's finding was consistent with the evidence concerning injunctive relief.

APPENDIX C

EXCERPTS OF CFG'S PETITION FOR REHEARING

Appeal Nos. 03-2868 and 03-3175

IN THE
UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

CITIZENS FINANCIAL GROUP, INC.,
Appellee/Cross-Appellant,

v.

CITIZENS NATIONAL BANK OF EVANS CITY;
CITIZENS, INC.;
CITIZENS NATIONAL BANK OF SOUTHERN
PENNSYLVANIA.

CITIZENS NATIONAL BANK OF EVANS CITY and
CITIZENS, INC.,
Appellants/Cross-Appellees.

Appeal from the United States District Court
for the Western District of Pennsylvania
Judge Ambrose

PETITION FOR REHEARING AND/OR REHEARING *EN BANC*

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[12]*

II. The Panel Decision Conflicts With This Court's Decision in *Gucci*.

The Panel Decision also conflicts with Third Circuit law by creating what amounts to an absolute and irrebuttable presumption of irreparable harm—and a virtually automatic right to injunctive relief—upon a finding of a likelihood of confusion. As *Gucci* shows, this is not the law of the Third Circuit.

This Court has long recognized that, where a mark is common, some amount of confusion or uncertainty may be inevitable, and will not necessarily entitle a **[13]** plaintiff to injunctive relief. *See Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978). In *Gucci*, this Court held that the district court acted within its discretion in denying injunctive relief—even though the plaintiffs trademark had been infringed—and rejected the dissent's view that a finding of infringement gave rise to a presumption in favor of injunctive relief:

> The dissent argues that [the plaintiff] established irreparable harm and that the District Court should therefore have granted an injunction against future infringement. According to the dissent, infringement constitutes irreparable injury as a matter of law and therefore [the defendant] had "the burden to prove that the injury will not recur in the future." ... Although we have said that trademark infringement amounts to irreparable

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* Numbers in the form "[12]" indicate the pagination of CFG's Motion for Rehearing and/or Rehearing En Banc to the Third Circuit in Appeal Nos. 03-2868 and 03-3175.

> injury as a matter of law, the irreparable injury we referred to was not intended to swallow the remaining prongs of the permanent injunction inquiry.

354 F.2d at 236-39. Thus, this Court made clear that a finding of infringement does not necessarily mandate injunctive relief, particularly where the presumption of irreparable injury has been rebutted.

* * * * *

[15]

In essence, the panel concluded that any corresponding harm to the junior user (here CFG) can be ignored when that user chooses to enter the senior user's market and to infringe the senior user's trademark. But this short-shrift treatment of the other equitable factors elevates the presumption of irreparable harm (which was rebutted in this case) far beyond anything suggested or contemplated by *Gucci* or other Third Circuit precedent. More important, it effectively tells district courts that they have no power to deny or equitably craft injunctive relief except in the rare case where there is clear and convincing evidence of egregious misconduct by the senior user. Because the law of the Third Circuit demands a more exacting analysis, this appeal should be reheard.